

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 TRSE-00 CIAE-00 INR-11 NSAE-00

RSC-01 DRC-01 /039 W

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P R 050100Z SEP 74

FM AMCONSUL MELBOURNE

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 2336

AMEMBASSY CANBERRA

UNCLAS MELBOURNE 1039

E.O. 11652: N/A

TAGS: BDIS, AS

SUBJECT: REQUEST FOR INTERVENTION WITH U.S. CUSTOMS
ON BEHALF OF AUSTRALIAN FIRM PURCHASING
U.S. MERCHANDISE

1. REPCO LIMITED, A MAJOR AUSTRALIAN COMPANY WITH MANY OPERATING DIVISIONS, HAS REQUESTED CONGEN'S ASSISTANCE IN CONNECTION WITH A PROBLEM IT IS FACING CONCERNING THE SERVICING OF DIAMOND BORING TOOLS PURCHASED FROM THE UNITED STATES.

2. REPCO HAS BEEN PURCHASING CARTER AEROBORE DIAMOND TOOLS FROM GOULD INCORPORATED, 17000 ST. CLAIR AVENUE, CLEVELAND, OHIO, IN LARGE QUANTITIES. THE DIAMOND BORING TOOL IS USED IN HIGH SPEED BORING MACHINES AND IS OF A VERY SPECIAL NATURE. AFTER A CERTAIN AMOUNT OF USE IT NEEDSRESHARPENING WHICH REQUIRES SPECIAL EQUIPMENT, THEREBY NECESSITATING A RETURN TO GOULD IN THE STATES. IT IS IMPOSSIBLE TO DETERMINE WHETHER THE DIAMOND CAN BE REWORKED UNTIL THE SUPPLIER EXAMINES THE STONE AND IT IS HIS DECISION TO EITHER SHARPEN IT OR RETURN IT TO REPCO. WHILE THE TOOL IS IN THIS TRANSITIONAL STAGE IT ESSENTIALLY HAS NO COMMERCIAL VALUE.

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2. RPECO'S LAST THREE SHIPMENTS IN AUGUST WERE SEIZED

BY U.S. CUSTOMS IN CLEVELAND ON THE BASIS THAT THE INVOICE VALUATION OF \$1.50 EACH TOOL WAS INSUFFICIENT. GOULD WAS ABLE TO GET THE FIRST SHIPMENT RELEASED BUT THE LAST TWO SHIPMENTS OF 73 PIECES AND 74 PIECES RESPECTIVELY WERE TURNED OVER TO THE INVESTIGATION OFFICE WHICH MEANS COULD BE HELD THERE FOR AT LEAST TWO YEARS.

4. U.S. CUSTOMS STATES FIRM MUST PAY \$4700.00 TO GET THE TOOLS RELEASED. REPCO, UNDERSTANDABLY IRRITATED AT LOSS OF TOOLS, THE EXTRA COSTS OF APPROXIMATELY \$30.00 A TOOL IN ORDER TO GET THEM BACK AND THE PRECEDENT IT WILL ESTABLISH, IS RELUCTANT TO PAY. CUSTOMS ARGUES THAT EVEN THOUGH THESE ITEMS ARE U.S. GOODS COMING BACK INTO THE STATES, DOCUMENTS MUST HAVE A CORRECT VALUE ON THEM AND BY THEIR STANDARDS REPCO'S VALUATION OF \$1.50 ON EACH TOOL IS INCORRECT. (FYI: EACH TOOL COSTS \$81.00 NEW AND EACH SHARPENING COSTS ABOUT \$15.00. TOOL LIFE IS APPROXIMATELY FIVE SHARPENINGS.)

5. ACTION REQUESTED: DEPARTMENT IS REQUESTED TO CONTACT A MR. TOM MALONEY OR A MR. BARNETT AT GOULD IN CLEVELAND IN ORDER TO EXPEDITE RELEASE OF ITEMS. ALTHOUGH WORLD SOURCES FOR THESE DIAMOND TOOL BORES ARE LIMITED, REPCO STATES FLATLY IT HAS NO INTENTION OF BUYING ANY MORE IF IT HAS TO PUT UP WITH THE PROBLEM OF SERVICING THEM. POST FEELS EVERY EFFORT SHOULD BE MADE TO ASSIST REPCO SINCE IT IS A GIANT

FIRM, PURCHASING MANY AMERICAN PRODUCTS, AND SEES NO REASON TO JEOPARDIZE FURTHER U.S. EXPORT POTENTIAL BECAUSE OF BUREAUCRATIC PROCEDURES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 05 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MELBOU01039
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740245-0860
From: MELBOURNE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740973/aaaacjla.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 MAR 2002 by maustmc>; APPROVED <28 JAN 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REQUEST FOR INTERVENTION WITH U.S. CUSTOMS ON BEHALF OF AUSTRALIAN FIRM PURCHASING
TAGS: BDIS, AS
To: COM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005